

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: May 16, 2007
Author: Land

Bill Number: S.B. 704

Committee Requesting Impact: Senate Finance Committee

Bill Summary

A bill to amend Section 12-21-735, of the Code of Laws of South Carolina, 1976, relating to the stamp tax on cigarettes and tobacco products, so as to require and provide for the proper affixing of stamps or metered impressions to cigarettes, including provisions for exempt packages, unique serial numbering of stamps, revocation of the license of a person violating these provisions, limitations on the receipt and sale of untaxed cigarettes and on the number of sales by a retailer, and allowing other than monthly return and payment of the tax.

REVENUE IMPACT ^{1/}

This bill is not expected to have an impact on General Fund revenue in FY2007-08.

Explanation

This bill would amend Section 12-21-735 to require a manufacturer or wholesaler of cigarettes to affix a tax stamp to the bottom of each individual package of cigarettes that is intended for sale or distribution within the State. The Department of Revenue would prepare and distribute rolls or sheets of the tax stamps directly to manufacturers and wholesalers of cigarettes. Each roll or sheet of tax stamps would have a separate and unique serial number to be recorded by the Department of Revenue of each licensed manufacturer or wholesaler that purchased the tax stamps. A similar procedure and series of tax stamps would also be issued for those packages of cigarettes that are exempt from the cigarette tax. Cigarette manufacturers and wholesalers may be authorized by the Department of Revenue to make a meter impression on a package of cigarettes instead of using a tax stamp. Each manufacturer or wholesaler would be assigned a unique meter impression number that may not be used by any other manufacturer or wholesaler. Stamps must be affixed by licensed manufacturers or wholesalers in a denomination that equals at least the tax due on cigarettes in the package. A jobber or retailer may only obtain cigarettes from a licensed wholesaler and may only sell cigarettes if a tax stamp is visible and located on the bottom of each package. Since the bill makes no explicit reference to a price charged by the Department of Revenue per individual tax stamp, roll, or sheet of tax stamps, this bill is not expected to have an impact on General Fund revenue in FY2007-08.

/s/ WILLIAM C. GILLESPIE, PH.D

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Martin

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.